HOUSING MARKET OUTLOOK

Canada Edition

Canada Mortgage and Housing Corporation

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Housing starts to land softly in 2008

Overview

Housing starts:
2008: 214,650
2009: 199,900
Resales*:
2008: 475,900
2009: 465,000

Housing starts: Given price increases, particularly for single-detached homes, housing starts are expected to fall by 6 per cent in 2008. In 2009, the trend will continue and bring the total starts just under the 200,000 unit mark.

Resales: Existing home sales through the Multiple Listing Service® (MLS®) established a new record of 520,192 sales in 2007. Rising mortgage carrying costs in recent years will move the sales lower to just under 476,000 units in 2008 and to 465,000 units in 2009.

Resale prices: The average price of existing homes grew at a strong pace (11.0 per cent) in 2007. A more balanced market in 2008 will reduce upward pressures on house prices. The average MLS® price will increase by 5.1 per cent in 2008 and 3.3 per cent in 2009.

Provincial Spotlight

Ontario: New home construction will remain above historical averages, with housing starts climbing to 72,175 units in 2008, before moderating to 65,000 units in 2009. Slower job growth will dampen housing demand in 2009.

Single starts will decrease by 8.1 per cent in 2008 and 11 per cent in 2009. On the other hand, 2008 will be prolific on the multi-family construction side with a 23.6 per cent increase. The multiple starts will moderate (-9.0 per cent) in 2009.

Newfoundland and Labrador: Oil and mineral exports will continue to support economic growth in the province. Newfoundland and Labrador will be the only province in Canada to record back-to-back increases in new construction in 2008 and 2009. On the resale market, demand will remain high through 2008 and 2009, but lack of inventory will restrain unit sales growth.

Table of contents

2 National Outlook
4 Trends at a Glance
5 Special Report: Outlook for housing starts 2008-2012
9 Provincial Reports
9 British Columbia
10 Alberta
11 Saskatchewan
12 Manitoba
13 Ontario
14 Quebec
15 New Brunswick
16 Nova Scotia
17 Prince Edward Island
18 Newfoundland and Labrador
19 Forecast Tables

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* Forecast is based on information available as of April 25 2008

Canada

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National Housing Outlook

In Detail

New home construction will begin to trend down in 2008, but will remain high by historical standards. For 2008, starts are expected to decline by 6.0 per cent, to reach 214,650 units. Seven out of the ten provinces will see housing starts move lower in 2008. Alberta and British Columbia will be responsible for the biggest part of the decline in 2008. On the other hand, starts in Ontario, Saskatchewan and Newfoundland will post slight increases this year.

Economic fundamentals will remain strong in Canada. Continuing high employment levels, rising incomes, and low mortgage rates will provide a solid foundation for strong housing markets. However, housing activity will continue to trend down over the next year and a half. Most of the pent-up demand that built up during the 1990s has now been fulfilled and residential construction activity will gradually move in line with Canadian demographic fundamentals. Higher home prices and the resulting increase in mortgage carrying costs will temper homeownership demand, particularly in western provinces. Competition from the existing home market will increase as housing markets move toward balanced conditions, giving homebuyers more choice. This, in turn, will dampen spillover demand from the existing market into the new home market.

These trends will continue to dampen new home construction in 2009. The number of starts is expected to decrease to 199,900 units. Manitoba and Newfoundland are the only provinces where starts are expected to increase in 2009.

Single detached starts will move lower in 2008 - 2009

Starts of single-detached homes, which remained near the 120,000 mark between 2005 and 2007, will decrease by 13.6 per cent to 102,700 units in 2008. Alberta will experience the strongest decline in single starts. Ontario, Quebec, and British Columbia will also experience significant decreases in single starts.

For 2009, Ontario will post the strongest decrease for single starts (-11.0 per cent), while the situation will stabilize in Alberta and British Columbia. Single starts for all of Canada will continue to decrease in 2009, but at a lower pace (-3.6 per cent to 99,050 units).

Multi-family starts in 2009 will experience a first decrease in a decade

The decline in residential construction will not be felt as much in the higher-density housing segments. In response to the rise in new and existing home prices, a larger share of home buyers will purchase less expensive multiple homes. Multiple-family homes include row and semi-detached homes, as well as condos and rental apartments.

Multiple starts, which reached a 29 year high of 109,426 units in 2007, will increase slightly to 111,950 units in 2008. Multiple starts are expected to decrease in 2009 for the first time since 1998 to reach 100,850 units.

The slower decline in multiple starts, when compared to single starts, reflects a continuing shift in demand toward less expensive homes. This is especially true in Western Canada, where rising house prices have pushed overall mortgage carrying costs higher, encouraging many homebuyers to opt for higher density construction. In 2007 for example, British Columbia and the Prairies recorded significant increases in multiple starts. These provinces also recorded the strongest growth in house prices in recent years. Conversely, Ontario and the Atlantic region, where growth in house prices was more modest, experienced a decrease in multi-family starts in 2007.

In 2009, starts of semi-detached homes (-10.8 per cent) and row homes (-5.9 per cent) will continue to decrease. Apartment construction will fall by 10.9 per cent.

MLS®[1] sales will moderate over next year and a half

Activity has been intense on the resale market in recent years. Sharply rising prices and record or near record sales volumes were common occurrences in most parts of Canada in 2007. This strong seller's market has evolved, however, and has now become more balanced as the number of existing properties displaying "For Sale" signs rises and sales of existing homes levels off.

For 2008, the demand will moderate. Existing home sales, as measured by

the Multiple Listing Service (MLS®), are expected to decrease by 8.5 per cent to 475,900 units. In 2009, the trend will be similar with another decrease to 465,000 units (-2.3 per cent). MLS® sales will step back given a moderating demand due to rising mortgage carrying costs.

House price gains will moderate in 2008 and 2009

Despite a slowdown of MLS® sales and a general ease on the market, demand remains strong by historical standards. For 2008 and 2009, growth in the MLS® average price will remain above inflation. Prices will reach $323,000 (+5.1 per cent) in 2008 and $333,500 (+3.3 per cent) in 2009. Given the strong sellers' market that prevailed in most regions in recent years, the MLS® average price will have doubled between 2000 and 2009 in Canada.

Trends Impacting Housing

The Economy

Growth in the Canadian economy slowed in the last quarter of 2007. Annualized growth in real gross domestic product (GDP) was 0.8 per cent in the fourth quarter 2007, down from 3.0 per cent in the third quarter and 3.8 per cent in the second quarter. The strong Canadian dollar and slower growth in the U.S. economy were key factors that slowed GDP growth in the second half of 2007. The strong value of the Loonie made imported goods less expensive, while making Canadian exports less competitive. Slower U.S growth has also dampened demand for Canadian exports. As a result, net exports were a significant drag on the economy. Overall economic growth is expected to slow to 1.8 per cent in 2008 and pick-up slightly in 2009.

All in all, it is anticipated that domestic demand will remain the engine of Canada's economic expansion for 2008 and beyond. Consumer spending should stay vibrant thanks to high employment, income gains and low interest rates.

The biggest challenges for the Canadian economy are the sluggish U.S. economy and the high value of the Canadian dollar. These factors are having a strong negative impact on net exports and manufacturing jobs. The decrease in manufacturing employment reached 100,000 jobs during 2007.

Mortgage Rates

The U.S economy continues to suffer from a housing market correction after the sub-prime market crisis. As a result, the outlook for U.S. economic growth has been revised down. Since last September, the Fed Funds Rate has been cut by 325 basis points and now stands at 2 per cent. Since December, the Bank of Canada followed a similar path, but at a different pace, lowering the Overnight Rate by a total of 150 basis points to 3 per cent.

Like policy interest rates, mortgage rates have decreased in recent months. For 2008, the one year posted mortgage rate will be in the 6.75 – 7.00 per cent range while the five-year posted mortgage rate will be in the 6.75 – 7.25 per cent range. Mortgages rates are forecast to climb by 25 to 50 basis points in 2009.

Migration

Net migration (immigration minus emigration) was up by about 6.2 per cent to just above 230,000 people during 2007. In 2008, net migration is expected to remain at a similar level, before increasing in 2009 to nearly 240,000 migrants. These historically high levels will continue to support Canada's housing demand. For the most part, newly arrived immigrants initially settle in rental accommodations, and, over time, an increasing share will move into home ownership. Net inter-provincial migration to British Columbia and Saskatchewan will continue to support demand for both rental and ownership housing in these provinces in 2008.

Employment and Income

Employment grew at a strong pace of 2.3 per cent in 2007 which resulted in a record share of Canadians being employed during 2007. With all those people at work, the unemployment rate fell to about 6 per cent.

As we are close to full employment, future increases in job creation will be constrained by increases in the population. Employment growth is expected to slow to 1.8 per cent in 2008 and 1.2 per cent in 2009.

[1] Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association

TRENDS AT A GLANCE

Key Factors and their Effects on Residential Construction

Factor	Comment
Mortgage Rates	Mortgage rates have moved lower since the start of the year and are expected to remain low through the end of 2009. However, rising house prices will continue to push mortgage carrying costs higher. As a result, this will ease housing demand, particularly for first-time buyers.
Employment	Employment grew at a strong pace in 2007 and a record share of Canadians continue to be employed, moving the economy close to full-employment. Accordingly, job growth should slow to rates that are more in line with increases in the population. Job creation will continue to stimulate housing demand, but not as much as in the previous years.
Income	Incomes will continue grow at a robust pace because of tight labour markets and a strong demand for workers. This will put upward pressure on housing demand.
Net Migration	Net migration is expected to remain strong in 2008. Net inter-provincial migration to British Columbia and Saskatchewan will continue to support demand for both rental and ownership housing in these provinces in 2008.
Natural Population Increase	Canada's population is aging, and as a result, a smaller proportion of people are in their child bearing years, the birth rate is decreasing, and the rate of increase in the natural population (births - deaths) is slowing. This will eventually lessen the demand for additional housing stock in the longer term.
Consumer Confidence	Consumer confidence, as measured by the Conference Board of Canada, remains positive. Furthermore, strong consumer sentiment is expected to prevail throughout the forecast period. Confident consumers will continue to support demand for home ownership.
Resale Market	Lower existing home sales, combined with a high level of new listings in 2008, will move the resale market towards more balanced demand/supply conditions. As a result, the rate of growth in the average MLS® price will moderate during 2008 and 2009.
Vacancy Rates	Modest rental construction and increased competition from the condo market will be offset by strong rental demand due to high immigration and a rising gap between the cost of homeownership and renting. As a result, vacancy rates across Canada's metropolitan centres should remain relatively stable in 2008.

Special Report: Outlook for Housing Starts 2008-2012

The outlook for the housing market is positive for the near term. Housing starts will remain above the 200,000 unit threshold for a seventh consecutive year in 2008. Over the long term it is expected that residential construction will gradually decline moving into 2012 as factors that drive housing become less stimulative and housing demand moves more in line with demographic fundamentals. Some rebound is expected in 2012.

Housing starts are forecast to be approximately 215,000 for 2008. This marks the seventh consecutive year where starts will be over 200,000. This last occurred during the 1971-1978 period. Moving forward, however, housing starts are forecast to trend downward gradually, reaching approximately 186,650 units by 2011. Despite this downward movement, the level of activity will remain buoyant.

The outlook for Canadian GDP growth remains positive over the medium term, despite global concerns over a U.S. recession possibility and continuing worries over the sub-prime loan fallout. Overall, economic growth will slow to 1.8 per cent in 2008 and 2.5 per cent in 2009. Over the 2010 to 2012 period, growth in GDP will average 3 to 3.5 per cent. Employment growth is expected to be constrained over this time frame since a record number of Canadians are presently employed. Employment growth will average 1.3 per cent annually over the 2008 to 2012 period and the unemployment rate will remain stable near 6 per cent.

The Bank of Canada's overnight lending rate increased by 25 basis points in July of 2007 to 4.50 per cent. This was the first rate move in over a year. Since the July 2007 jump, however, global economies have been hit by the sub-prime housing meltdown in the United States. To combat falling consumer confidence, particularly south of the border where confidence is at a five-year low, central banks around the world have reduced interest rates. In Canada, rates fell by 150 basis points between December 2007 and April 2008. The overnight rate is now 3.00 per cent. We expect that both short and long term interest rates will be fairly stable going forward, however, global market instability is still a major risk to interest rate movements. Longer term mortgage rates, such as the five year fixed rate, will stay low but will trend gradually higher between 2009 and 2011.

Population growth is a key driver of housing demand over the longer term and a major contributor to population growth is immigration. Looking ahead, continuing tight labour market conditions will provide an attractive environment that will continue to draw large numbers of immigrants to Canada. Accordingly, high net migration through 2012, will help boost population growth and household formation. As a result, this will support housing starts through 2012. Ontario, Quebec and British Columbia will continue to attract most of the new immigrants settling in Canada.

Housing starts will remain high but will decrease gradually between 2008 and 2011

Increases in mortgage carrying costs are expected over the next five years. This, when coupled with the erosion of the pent-up demand from the 1990s, will cause housing demand to gradually weaken over this time frame. In other words, housing starts are expected to move towards levels that are more consistent with demographic fundamentals, such as household formation. Furthermore, as the existing home market moves towards more balanced demand/supply conditions, home buyers should be presented with more buying choices. The end result is that there will be less spill over of housing demand from the resale home market into the new home market. Housing starts are forecast to remain above or close to 200,000 units in both 2008 and 2009. However, starts will dip below this threshold and will slow to about 186,650 units by 2011. In 2012, housing starts will increase slightly to 191,000 units reflecting a rebound in Ontario, Alberta and British Columbia.

British Columbia

A strong economy, above-average job growth and population flows to the west will support homeownership demand in British Columbia. Following an extended period of growth, starts peaked at over 39,000 units in 2007. Over the next five years, job creation will keep residential construction at above-average levels. Rising interest rates and increasing construction costs will have a dampening effect on

home starts. New home starts will taper towards 32,400 starts in 2012.

In February 2010, Vancouver will be the most populous centre to host a Winter Olympic Games. In the years leading up to this event, several large transportation investment projects are being undertaken, including the rapid transit link between Richmond, downtown Vancouver and the Vancouver International airport, as well as major upgrades to the Sea-to-Sky highway linking Vancouver and Whistler. Even after the games, housing will continue to be built up along these and other major transportation routes. A study commissioned by CMHC suggests that the impact of the Games on housing starts is to increase the number of average annual starts in the Lower Mainland by 9.3 per cent over the "no Games" scenario over the next two decades.

Alberta

With over $160 billion of oil and gas related investment, Alberta will remain among the provincial economic growth leaders over the next five years. Despite this success, the province's home builders will have to contend with a number of unfavourable conditions. Net migration will pale in comparison to the level achieved during the 2006-2007 period as Alberta's provincial neighbours aggressively compete for migrants. In line with a weaker level of migration, household formation and employment growth will slow. The rapid escalation in house prices from previous years will further inhibit demand. Moreover, housing markets in Alberta will need to work through their excess supply of resale listings and rising new home inventories before the imbalance once again tips in home builders' favour. Accordingly, housing starts will trend downward throughout the next few years, from 37,250 units in 2008 to a low of 30,000 in 2011. Expect housing starts to rebound toward the end of the forecast period. An upturn in housing starts will coincide with higher net migration owing to heightened oil sands and upgraded investment.

Saskatchewan

Saskatchewan has become one of Canada's top economic performers, thanks largely to elevated commodity prices, domestic demand and expanded production for its natural resources. A remarkable turnaround in migration and impressive job growth has resulted, contributing to what will be the highest number of housing starts in 25 years. With a favourable economic outlook moving forward, Saskatchewan will continue to experience solid job gains and population growth. However, given the province's rapid house price escalation and solid economic prospects in other provinces, the magnetic draw for interprovincial migrants will dissipate. The significant rise in construction costs and higher mortgage rates will also restrain new home demand in the future, as will heightened selection in the competing resale market. Under these conditions, provincial housing starts will trend downward from the high of 6,600 units in 2008 to 5,250 by 2012. Despite this moderation, the expected five-year average for housing starts will surpass the 2003-2007 performance by an impressive 40 per cent.

Manitoba

Housing starts will remain elevated in Manitoba over the next five years, fuelled by healthy economic conditions and continued population growth. The province's tight labour market will continue to deter residents from moving to other provinces. At the same time, additional efforts to attract immigrants should maintain international migration near record highs. In the near term, housing starts will also benefit from additional lot availability in Winnipeg's Waverly West subdivision. Low inventories and a shortage of active listings in the competing resale market will spur additional new home demand. Housing starts will level at 5,650 units in 2009 and moderate only slightly through 2012 due to more balanced resale conditions and rising house prices. Combined with an aging population and a 20-year exemption from rent controls for new rental units, rising prices in the new and resale markets will ensure a healthy proportion of multi-family starts are maintained. Starts from 2008 to 2012 will represent the strongest five-year period for Manitoba home builders since the mid-1980s.

Ontario

Beyond 2008, economic and demographic factors point to continued weakness in new construction activity. Firstly, slower economic growth will lead to a reduction in employment gains across Ontario and this will limit housing demand for both new and existing homes. Secondly, a more balanced resale market suggests that more consumers will meet their housing needs in the existing home market. Finally, fewer serviced lots available for residential construction will limit opportunities for low density development.

Average annual new home construction activity has been running well above demographic fundamentals in recent years. With a slowing economy, Ontario starts should edge lower closer to overall demographic demand. Nevertheless, new home starts will hit a trough by 2012 when stronger immigration and the echo boom effect begin to lend support to household formation and housing demand. After peaking at over 85,000

unit starts during the 2003-04 period, Ontario starts will decrease to 64,000 units by 2012.

Quebec

Although new home construction in Quebec will decline during the next five years, a number of factors will help to maintain activity at relatively strong levels. Quebec's economy and labour market will grow moderately. Moreover, the existing home markets should move from sellers, to more balanced conditions, thus reducing demand of new homes. However, an aging population and rising net migration will undoubtedly fuel housing demand during this horizon. As a result, housing starts in Quebec will continue to decrease from around 46,500 units in 2008 to 40,000 units in 2012. It follows that not all segments of the housing market will be impacted in the same way. While demand for new single detached homes is likely to follow economic conditions, new multi-family housing will be sustained by overall demographic fundamentals.

New Brunswick

Economic growth in the province is expected to improve over the 2009-2012 period due to a continuation of capital investment focused on energy sector projects. Major upgrades to New Brunswick's sole nuclear power generation facility and the possibility of a new refinery in Saint John could stimulate economic activity further. Sustaining trade activity will be a challenge as the current environment of high energy costs and the high Canadian dollar are affecting the sustainability of parts of the forestry sector, especially in the northern part of the province. Urbanization will remain the main driver of growth for the residential construction sector's largest urban centres including Moncton, Saint John, and Fredericton. Overall, population growth will be modest due to some in-migration. The result will be a small increase in demand for housing over the forecast period. Total housing starts should trend upward slightly from 3,650 units in 2009 to 3,750 units in 2012.

Nova Scotia

Economic and employment growth are forecast to improve moderately over the forecast period due to a rise in energy and energy-related investment. Prospects for rekindled growth in the offshore energy sector have brightened with the recent announcement of Deep Panuke and the Keltic Petrochemicals project, which is currently in the planning stage. This could result in a significant increase in both economic growth and housing activity. Consumer spending will continue to support growth as will a number of smaller projects in Halifax. Provincial housing starts are forecast to decline marginally to 4,400 by 2010 before rising gradually to 4,500 starts by 2012.

Prince Edward Island

The Island's economy will continue to grow modestly over the 2009 to 2012 period. The most important sectors supporting growth will be tourism, agriculture and the fishery. Although the province has been focusing on the importance of the tourism sector, interest in renewable energy and information technology are being considered as part of the backbone for future economic growth. The Island's growing aerospace industry, which is located largely in the Summerside area, is expected to be one sector that continues to expand as the Island's economy continues attempts in economic diversification.

A positive outlook for growth in the provincial population is also expected to persist as an aging population continues to return to PEI. Urbanization will further support housing markets in both Charlottetown and Summerside as demand continues to shift from singles to multiples including semi-detached and row housing over the forecast period. As a result total starts will rise slightly to 700 units by 2012 from the lowest point of 625 units which is expected in 2010.

Newfoundland and Labrador

The current provincial government's intention is to continue to transform the resource-rich, but debt-ridden region, into a "have" province by partnering with business in all future major energy projects. The province will continue to focus on paying down over $10 billion dollars in debt as they address the issue of the highest per capita debt level in the country. Accordingly, fiscal restraint measures will be required over the forecast period.

Concerns over the fishing industry will continue to pose risk to rural economies. Population losses will continue to moderate, reflecting an improving outlook for net-migration. Given the current demographic and economic outlook, gradual increases in housing demand are anticipated over the next few years. Urbanization trends continue, with housing demand within the St. John's region improving at a much faster pace than other areas throughout the province.
Growing demand from seniors, tight rental markets, a continuing shift towards medium density housing, and government assisted affordable housing initiatives will limit declines in multiple construction activity over the forecast period. Accordingly, total starts are expected to decline marginally from 2,850 in 2009 to 2,650 by 2012.

Supplementary Table: Provincial Housing Starts Summary
(units and annual percentage change)

	2007	2008(F)	2009(F)	2010(F)	2011(F)	2012(F)
NFLD	**2,649**	**2,825**	**2,875**	**2,650**	**2,650**	**2,650**
%	18.6	6.6	1.8	-7.8	0.0	0.0
PEI	**750**	**700**	**675**	**625**	**650**	**700**
%	1.6	-6.7	-3.6	-7.4	4.0	7.7
NS	**4,750**	**4,500**	**4,500**	**4,400**	**4,450**	**4,500**
%	-3.0	-5.3	0.0	-2.2	1.1	1.1
NB	**4,242**	**3,925**	**3,650**	**3,500**	**3,600**	**3,750**
%	3.8	-7.5	-7.0	-4.1	2.9	4.2
QUE	**48,553**	**46,500**	**45,750**	**45,000**	**42,000**	**40,000**
%	1.4	-4.2	-1.6	-1.6	-6.7	-4.8
ONT	**68,123**	**72,175**	**65,000**	**63,000**	**61,000**	**64,000**
%	-7.2	5.9	-9.9	-3.1	-3.2	4.9
MAN	**5,738**	**5,450**	**5,650**	**5,550**	**5,400**	**5,250**
%	14.1	-5.0	3.7	-1.8	-2.7	-2.8
SASK	**6,007**	**6,600**	**5,900**	**5,500**	**5,300**	**5,250**
%	61.7	9.9	-10.6	-6.8	-3.6	-0.9
ALTA	**48,336**	**37,250**	**33,000**	**31,500**	**30,000**	**32,500**
%	-1.3	-22.9	-11.4	-4.5	-4.8	8.3
BC	**39,195**	**34,700**	**32,900**	**32,500**	**31,600**	**32,400**
%	7.6	-11.5	-5.2	-1.2	-2.8	2.5
CAN*	**228,343**	**214,640**	**199,900**	**194,200**	**186,650**	**191,000**
%	0.4	-6.0	-6.9	-2.9	-3.9	2.3

SOURCE: CMHC.

(F) Forecast.

* Totals may not add due to rounding.

British Columbia

Overview

Lower Home Sales and Starts

British Columbia's economy will slow slightly in 2008, as weakening U.S. demand and a high Canadian dollar hold back exports. Consumer spending and investment in residential construction, machinery and equipment and non-residential building will drive economic growth. As a result, B.C. will outperform most other provinces during the next two years. This relative strength will translate into a high level of existing home sales, housing starts and house prices.

Jobs will continue to be added in most service-related industries as the population increases. Goods-related industries, which are linked to commodity prices, will also be a positive economic driver by adding to employment. These employment gains will add to the demand for homeownership this year and next.

As migration continues westward, B.C.'s population growth will outpace most other provinces. Six years of strong employment growth, a near-record low unemployment rate and a mild climate are a few of the reasons that attract people to the province. Last year, B.C. saw more than 13,300 people relocate from other parts of Canada, with almost three-quarters coming from Alberta. An additional 40,000 people from other parts of the world now call B.C. home. In 2008 and 2009, net migration will add another 110,000 people to the province's population.

In Detail

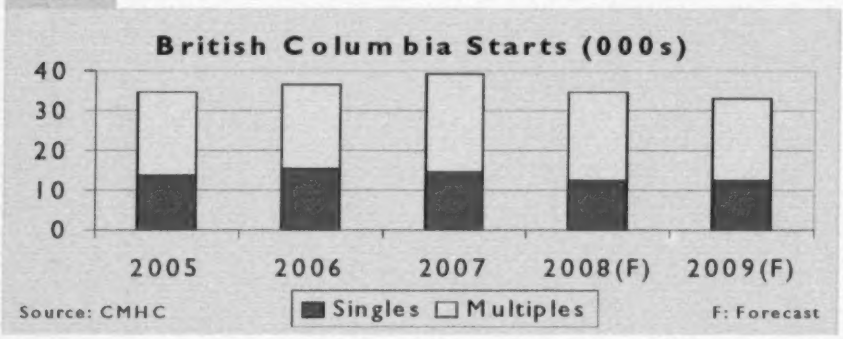
Single Starts: Single-detached home starts will trend lower as builders balance the high cost of land and building materials with what price conscientious homebuyers will pay. During this year, 12,500 foundations will be poured, followed by 13,700 starts in 2009.

Multiple Starts: Multiple-unit starts will account for the lion's share of new home construction. With demand shifting to denser housing forms, more than sixty per cent of starts will be in multiple-unit developments. The large number of projects already in the construction pipeline in Vancouver and Kelowna will ensure multiple-unit starts will be at high levels.

Resales: Existing home sales will decline during the next two years in response to high home prices, a rise in mortgage rates in 2009 and slower job growth. Move-up buyers and people downsizing their residences will keep the number of resale transactions above the ten-year average.

Prices: Rising numbers of homes listed for sale will slow growth in average MLS® price. Centres where the local economy is more diversified and homeownership demand remains strong will record double-digit price gains over the course of 2008.

Figure 1



Provincial Highlight

The number of homes under construction in Vancouver has risen to an all-time high. Combined with increasingly complex multiple-unit developments, which take longer to build, high starts volumes are keeping the residential construction industry very busy. Competition for skilled trades from the non-residential construction sector is adding to labour shortages and delays in residential construction. The time to completion for low-rise (under five stories) has increased 43 per cent since 2002, while the time to completion for high-rise construction (above five stories) has increased 18 per cent. In Vancouver, about half of the apartment condominium units under construction have been pre-sold.

Alberta
Overview

Housing Starts Lowest in Four Years

Despite last year's strong economic performance, a sharp decline in net migration, price growth from previous years and concerns over rising inventories will lead 2008 housing starts to the lowest level in four years. Total starts are expected to drop 23 per cent this year and another 11 per cent in 2009, reaching 37,250 and 33,000 units, respectively.

Alberta's economy will decelerate to its slowest pace since 2002, owing largely to weaker gains in domestic spending and lower residential construction. Nonetheless, a 23 per cent jump in oil sands investment should help maintain Alberta's status as one of Canada's economic growth leaders and the Alberta economy will expand by 3.2 per cent in 2008. Heading into 2009, investment in the commercial and office sector will tail off due to rising vacancies, contributing to weaker economic growth of 2.9 per cent.

Notable challenges for the provincial economy include a sharp decline in net migration and persistent labour shortages. Last year, net migration was cut in half from 2006's record high as some residents moved back to British Columbia and Saskatchewan. In the second half of 2007, Alberta recorded a net outflow to other provinces, the first such occurrence since 1994. This exacerbated the province's labour shortages as the unemployment rate reached a record low of 3.1 per cent. Alberta's employment expansion will be limited to 2.5 per cent in 2008 and 1.5 per cent in 2009.

In Detail

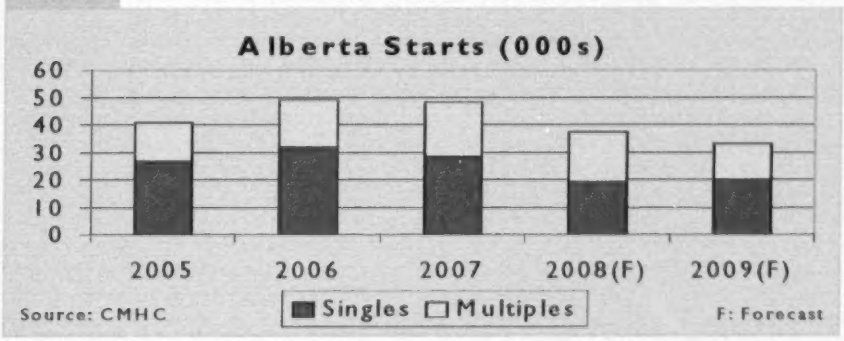
Single Starts: After a 11.7 per cent decline in 2007, single-detached starts will fall another 31.5 per cent this year to 19,250 units. This will represent the largest annual drop since 1984. A multitude of factors will contribute to the weakness, including a sharp decline in migration, higher inventories, hefty competition from the resale market and elevated prices. Expect 20,000 units to begin construction next year, a modest four per cent increase over 2008 levels.

Multiple Starts: Following a 26-year high of 20,231 units in 2007, multi-family starts will slip to 18,000 units in 2008 and 13,000 in 2009. Edmonton will experience the sharpest decline in construction this year, as developers respond to softening market conditions. However, with Edmonton builders scaling back activity this year, another reduction in 2009 will not be necessary. Calgary's multi-family developers are also facing softer market conditions and a pullback in multiple is likely by 2009. A hefty decline in multiple starts will be required in Calgary by 2009.

Resales: Sales of existing homes will slip 14.3 per cent in 2008 to 61,250 units. Weaker migration and elevated prices will inhibit demand, especially from first-time buyers. Continued price volatility may also cause some buyers to push their purchase forward. Once confidence of price growth is restored in 2009, a modest increase in sales to 62,750 units is expected.

Prices: Following a 30.7 per cent jump in 2006 and a 24.8 per cent gain last year, the average resale price will rise marginally over the next two years. An excess supply of listings and strongly motivated sellers has resulted in recent month-over-month price declines. In this environment, a 3.6 per cent gain in average price this year is forecast. Once the stock of resale listings moderates into 2009, price growth should accelerate to 5.1 per cent, reaching an average of $388,000.

Figure 2



Provincial Highlight

Alberta's existing home sales and single-detached starts are clearly in contraction mode. However, apartment construction in Calgary is showing no signs of abating. To the end of March, apartment starts in the Calgary CMA have totaled 3,130 units, six times more than corresponding levels last year and nearly matching 2007's annual total. In the face of weaker net migration, rising inventories, lower speculative demand, higher rental vacancies and heightened competition from the resale market, this level of activity does not appear to be sustainable. Fortunately, most of these starts are within large high-rise projects and will not be available for occupancy for another two to three years.

Saskatchewan

Overview

Province Leads Canada in Economic Growth

In a span of only two years, Saskatchewan has progressed from the nation's weakest economic performer to the status of Canada's growth leader.

After a 2.8 per cent gain in real GDP last year, the provincial economy will expand by a nation-leading 3.3 per cent in 2008 and 3.0 per cent in 2009. Potash and oil output will continue to benefit from expanded production and heightened commodity prices, as will the agriculture sector. Surging government expenditures will also add to the economic expansion, with over $1 billion in infrastructure spending proposed. On the downside, a sharp decline in uranium prices will impede output in this sector. Meanwhile, the vigourous growth in personal consumption and total housing starts is expected to cool by 2009 in the face of escalating prices and weaker net migration.

After 22 consecutive years of decline, net migration experienced a remarkable turnaround last year. Saskatchewan's inexpensive housing was also a driver in attracting migrants from other provinces. Over the next few years, Saskatchewan's favorable economic outlook will ensure that fewer people leave the province. However, with Saskatchewan leading house price growth for the third consecutive year, a surge in housing costs will deter prospective newcomers. Under these conditions, net migration will slip to 11,250 people in 2008 and 8,650 in 2009.

With an unemployment rate near four per cent, the Saskatchewan economy is near full employment. As a result, the pace of job creation will be limited by the expansion of the labour force. With weaker migration expected throughout the forecast period, employment growth will slip to 1.9 per cent in 2008 and 1.6 per cent in 2009.

In Detail

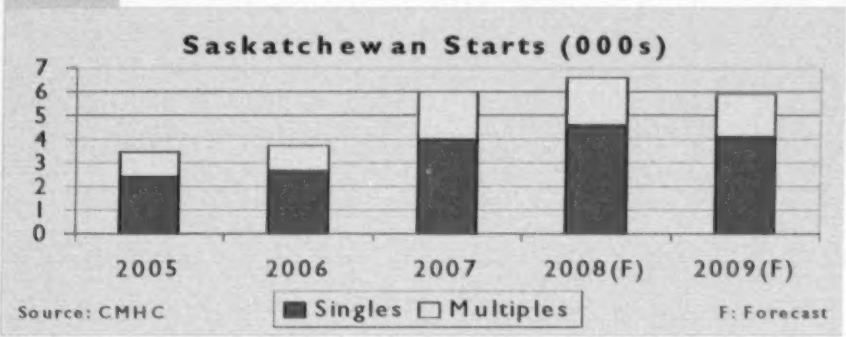
Single Starts: Single-detached starts ended the first quarter 43 per cent higher than corresponding levels in 2007. Our forecast calls for the pace of single starts to taper off in 2008, finishing the year up 17 per cent to 4,600 units. This will represent the highest total in nearly 30 years. In 2009, the pace of construction will slip back to 4,100 units as new house price increases and additional resale selection temper demand.

Multiple Starts: After doubling last year, multiple starts will only slightly surpass the 2007 figure. The number of units under construction remains elevated, which should push multiple starts lower in the coming months. Expect starts to measure 2,000 units in 2008, before slipping 10 per cent in 2009. Despite next year's decline, multi-family construction will still be among the highest level in decades.

Resales: Heightened demand and a surge in listings will facilitate a record number of transactions in 2008, reaching 13,400 units. With additional choice expected, some first-time buyer demand will shift back from new construction to resale housing. Next year, expect sales to slip back to 12,750 units, as the rapid price escalation, reduced speculation, and lower in-migration take their toll on demand.

Prices: With a 32 per cent increase in 2007, Saskatchewan overtook Alberta as the provincial leader in resale price growth. In the face of rising inventories, similar gains can not be expected during the forecast period. The momentum from 2007 will see the average price escalate by another 26 per cent this year, reaching an average of $220,000. In 2009, cooling market conditions will restrain price growth to under 10 per cent.

Figure 3



Provincial Highlight

The province's changing economic fortunes are clearly reflected in the 2007 migration figures. After 22 consecutive years of decline, net migration in Saskatchewan rebounded with a record high of 13,583 migrants. Last year's performance erased all of the losses in the preceding three years. This remarkable turnaround can be attributed to strong migration from other provinces. Provincially, Alberta and Ontario were the largest contributors to Saskatchewan last year, providing 6,950 and 808 net migrants, respectively.

Manitoba

Overview

Construction Sector Fuels Economic Growth

Major capital investment and strong residential construction will ensure that the Manitoba economy expands at a healthy pace. Following a 3.3 per cent expansion in 2007, the provincial economy will grow by 2.9 per cent in 2008 and 2.8 per cent next year.

Housing starts will be near 21-year highs, averaging 5,700 units over the forecast period. A number of major non-residential projects will also continue, including Manitoba Hydro's new office tower, the Red River Floodway expansion, the new terminal at the Winnipeg International Airport and the $1.3 billion Wuskwatim hydroelectric generating station. A $750 million expansion at Inco's nickel operations in Thompson is also being considered and may soon be added to this list.

Following last year's 1.6 per cent gain, employment growth will moderate to 1.4 per cent in 2008 and 1.1 per cent in 2009. While some moderation can be attributed to a slower pace of economic growth, it is also a result of the province's persistent labour shortages. In the next few years, Manitoba's unemployment rate will average just over four per cent, far below the national average and the lowest rate in over 30 years.

The low unemployment rate and persistent wage growth will discourage residents from moving to other provinces. Evidence of this is already occurring, as interprovincial migration in the fourth quarter of 2007 was positive for the first time in four years. International sources will again dominate the migratory gains in Manitoba, though the reduced outflow of residents to other provinces will help maintain migration near record highs. After the record 9,179 migrants in 2007, net migration is expected to average 8,850 annually over the next few years.

In Detail

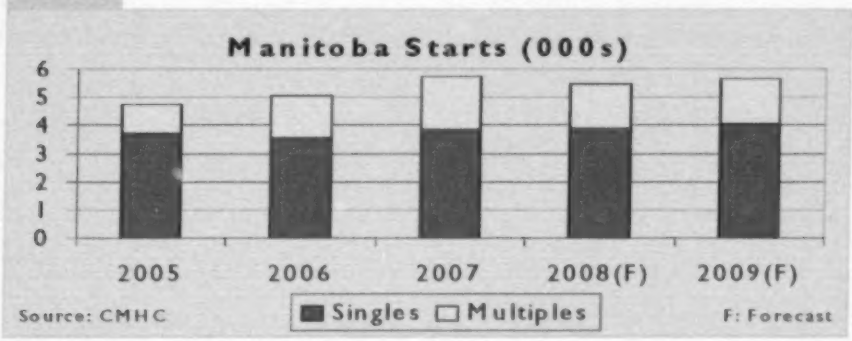
Single Starts: Single-detached starts will climb to 3,900 units in 2008 and 4,050 in 2009, the highest totals since 1987. Lot sales have been brisk in Winnipeg's new Waverly West development, with more than 75 per cent of serviced lots in the first phase having already been sold. Activity remains strong across a number of centres in southern Manitoba.

Multiple Starts: With over 1,550 units in 2008 and 1,600 in 2009, multi-family starts will remain among the highest levels in 20 years. Much of the current strength can be attributed to changes in legislation governing rent controls for newly constructed units. With a 20-year exemption from rent controls now available to new rentals, builders have responded by increasing both the number and share of units devoted to rental tenure.

Resales: After improving for the fifth year in succession, the long expansion of existing home sales will come to an end. Demand appears sufficient to support another record this year, but a historically low level of active listings will inhibit sales. Accordingly, total transactions will slip to 13,600 units in 2008, a modest decline from the record achieved in 2007. Expect sales to rebound to 13,900 units in 2009, provided listings increase toward long term average levels.

Prices: A shortage of active listings coupled with persistently strong demand will lead to significant upward price pressure this year. The average resale price will grow 13.5 per cent in 2008 to $192,000. Additional listings are expected in 2009, leading to price gains of nearly eight per cent. Next year will mark the end of six consecutive years of double-digit price growth.

Figure 4



Provincial Highlight

Since 1983, all of Manitoba's migration has come from international sources. Last year, more than 25 per cent of the province's 10,947 international immigrants came from the Philippines. In February of 2008, the Manitoba government took steps toward increasing this level. Premier Gary Doer and a delegation of trade and immigration representatives traveled to the Philippines and signed a memorandum of understanding with the Philippine government to streamline the immigration process for residents hoping to immigrate to Manitoba.

Ontario

Overview

A slowing Ontario Economy Will Weigh on Housing Demand in 2009

Ontario new home construction activity will remain above historical averages reaching 72,175 units in 2008 before moderating to 65,000 units in 2009. Slower growth in Ontario's economy will dampen housing demand. Slower employment and population growth across the province, rising mortgage carrying costs and a more balanced resale market will temper new home demand as well.

Ontario economic growth will lag growth across the country, slowing to 0.5 per cent this year before recovering to 1.5 per cent in 2009. Ontario's forestry and auto sector will continue to feel the effects of a high Canadian dollar. Ontario's domestic economy, however, will insulate the province from a deeper downturn as will a gradual U.S. economic recovery in 2009. While job shedding continues in some goods-producing sectors, some displaced workers will be absorbed by a stronger consumer driven service sector. Nevertheless, the combination of a slowing Ontario housing market, slowing demand from the U.S. and a high Canadian dollar will dampen the pace of job growth across the province.

The economic growth gap between the west and Central Canada will slowly narrow over the forecast horizon. This suggests that the net outflow of Ontarians headed west will gradually subside. While Ontario's population growth will be largely driven by international migration, Ontario's share of international migration has recently dropped relative to the rest of Canada.

In Detail

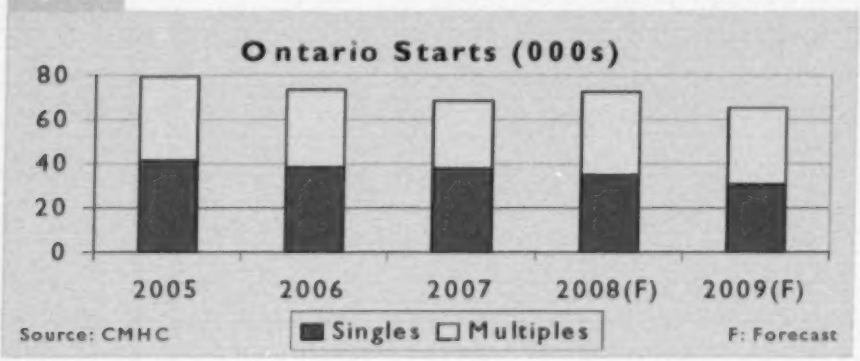
Single Starts: Single starts will decrease to 34,825 units and 31,000 units in 2008 and 2009 respectively. Despite a rapidly growing mid-40s population, which prefers low density homes, higher mortgage carrying costs and slower job growth in higher paying employment sectors will dampen demand for more expensive housing.

Multiple Starts: Multi-family home starts will rise to 37,350 units before moderating to 34,000 units in 2008 and 2009 respectively. Demand for multi-family homes will be the key driver of housing starts. Strong apartment sales suggest that a high backlog of apartment projects have yet to commence construction.

Resales: After posting record sales activity in 2007, Ontario existing home sales will slow reaching 193,375 and 181,250 units in 2008 and 2009 respectively. Rising mortgage carrying costs, slower growth in home listings and declining pent-up demand will dampen existing home sales across the province. However, historically low interest rates will help keep resale volumes above historical norms

Prices: The average MLS® price in Ontario will rise by 3.5 per cent in 2008 and 2.4 per cent in 2009. Price growth will be running above inflation in the immediate term thanks to tight resale market conditions. However, a more balanced resale market resulting from lower home sales points to weakening price pressures in the latter half of this year and into 2009.

Figure 5



Provincial Highlight

Ontario apartment starts have been capturing a larger share of new construction activity in recent years. This share has more than doubled from 10 per cent to over 20 per cent in the past decade. By the end of 2008, the estimated apartment share will rise to slightly over 33 per cent of total residential construction activity. This has raised questions regarding what factors are driving this dynamic and whether the experience of the late 80s will repeat itself. Rising prices for low density housing and provincial efforts to intensify and stabilize investment returns in Ontario residential real estate are key factors in explaining rising apartment demand. But what makes this experience different from activity in the late 80s is the diversity of buyers in the marketplace. Buyers in today's market would include first time buyers, repeat buyers, investors and empty nesters. A diverse marketplace with prices growing in line with economic fundamentals are factors supporting market stability.

Quebec

Overview

Starts to Hold Up in 2008

Recent economic and demographic growth will sustain Quebec housing demand over the next two years. As the province's economy grows due to domestic spending, job growth and disposable income increases will have a significant impact on future demand. The strong Canadian dollar will continue to fuel private investment, while government infrastructure projects and tax cuts will contribute to economic growth. However, the export sector will be weakened by the current exchange rate and growing foreign competition. As a result, GDP growth in 2008 will fall slightly to 1.5 per cent this year and 2.1 per cent in 2009.

Net migration is set to strengthen in the coming years, due to Quebec's buoyant economy. Moreover, an aging population will continue to fuel demand for dwellings such as condominium and retirement home apartments. This, and the relatively low level of interest rates, shall translate into 46,500 starts in 2008 and over 45,750 in 2009.

In Detail

Single Starts: Single-family starts will continue to benefit from the current economic and financial environment. However, demand will be curtailed by the recently rising supply of resale homes. Moreover, a share of potential buyers should gradually shift toward the less expensive substitutes such as semi-detached and row housing. Approximately 20,000 starts are expected in both 2008 and 2009.

Multiple Starts: Being generally more affordable and suited to an aging population, the multi-family home market is expected to strengthen over the next few years. Starts of multi-family homes will be 27,000 units in 2008 and over 26,000 the following year.

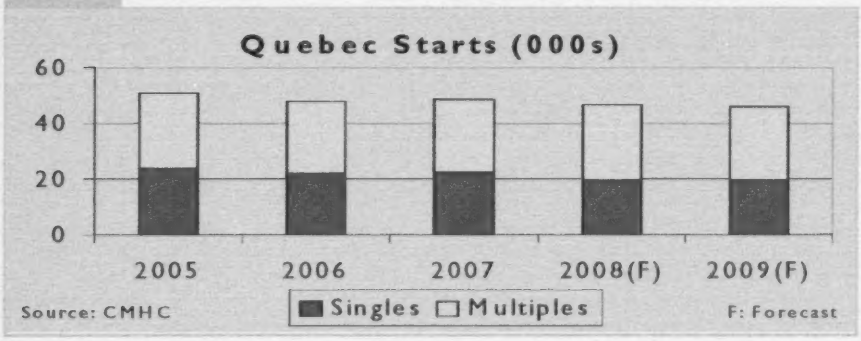
Resales: As is the case for the new home market, sales of existing homes will remain strong in the coming years. Demand for condominiums (town houses or apartments) will be an important component. Sales of existing homes on the Multiple Listing Service (MLS®) should record 76,000 in 2007 and 79,250 2008.

Prices: With sales expected to cool and inventories set to rise, price growth will not be as strong in the coming years. Cooling demand will keep price growth under 5 per cent in 2008 and 2009. As a result, the MLS® average resale price will approach $218,000 in 2008 and $224,000 in 2009.

Provincial Highlight

The results of the Quebec retirement home market survey conducted in October 2007 by CMHC reflect a mixed picture of Quebec markets in 2007. While the vacancy rate was up in the Census Metropolitan Areas (CMA) of Gatineau (+6.1 points), Montréal (+1.2 points) and Sherbrooke (+3 points), it declined in the Trois-Rivières (-0.9 point) and Saguenay (-0.5 point) areas. The Québec CMA, for its part, recorded no change. As for the other urban agglomerations (10,000 to 99,999 population), the survey also revealed differences. Given the current vacancy rates, the number of units under construction, the pace of housing starts and the announced projects, we believe the situation should continue to be monitored as demographic forecasts are pointing to a temporary decrease in demand. It must be recalled that, over the coming years, the rate of growth of the population aged 75 years or older will slow down. In fact, the people who will be entering this age group were born during the Great Depression of the 1930s, at a time when the birth rate had temporarily decreased.

Figure 6



New Brunswick

Overview

Economic Growth Prospects Cool

The province's economic growth will continue to be challenged by the high Canadian dollar, rising energy prices and the effects of an economic slowdown in the United States.

The permanent shutdown of sawmills, pulp and paper mills and overall declining production in the forestry sector will partially offset some of the positive impact related to several large scale projects in the energy sector. Furthermore, companies that export will be forced to increase investment in capital and equipment to maintain or improve productivity in order to survive in the current economic environment.

Non-residential construction activity will provide the most significant stimulus to economic growth as a result of the LNG terminal project and the refurbishment of the Point Lepreau generating station. Moreover, the possible addition of a new oil refinery to the Saint John region would reinforce New Brunswick position as the energy hub for Atlantic Canada.

With the Canadian dollar expected to remain strong over the forecast period, the challenge for the province's labor force will be the continuing need to shift people out of manufacturing and export jobs into the service sector.

Employment growth should increase 1.0 per cent in 2008 and 1.0 per cent in 2009 as capital investment will provide support to growth. Economic growth is expected to remain close to two per cent in 2008 and 2009.

In Detail

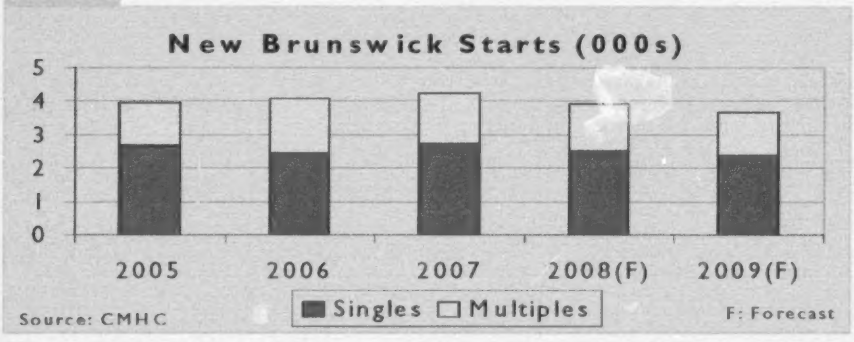
Single Starts: Despite adverse weather conditions in New Brunswick during the first three months of 2008, single starts outperformed last year's first quarter total. Even with this strong start, a mild decline in single starts is expected in 2008. Mounting economic challenges, and their impact on the primary resource sector, will limit economic growth and begin to erode consumer confidence. Stability in raw material prices will continue to be offset by rising labor costs. As a result, expect single starts to decline to 2,510 units in 2008, followed by a subsequent decline to 2,400 units in 2009.

Multiple Starts: Altough the proportion of people considering semi-detached and row type units is expected to increase due to rising new home costs, multiple starts will decline to 1,415 units in 2008 with a further decrease to 1,250 units in 2009, given a weak job market.

Resales: Despite favourable market conditions, a harsh winter weather in the first quarter of 2008 hampered MLS® sales. With limited economic and employment growth anticipated, the forecast for MLS® sales is a decline to 7,600 units in 2008 and 7,450 units in 2009.

Prices: Although sales activity is expected to slow in 2008, the number of available homes on the resale market will remain high, and limit price growth. Accordingly, the average price of homes will rise to $142,000 in 2008 and $146,000 in 2009.

Figure 7



Provincial Highlight

In the Northern region of New Brunswick, economic growth has traditionally hinged on the performance of the primary resource sector and the forestry sector. In the closing months of 2007, the forestry sector was negatively impacted by several high profile closures as two large scale pulp and paper mills shut down permanently, putting close to 1,000 people out of work. In both cases, the mill had been the town's economic engine for many years. As a result, smaller towns like Miramichi and Dalhousie are faced with the difficult task of stimulating economic growth following the loss of their primary employer. Furthermore, a growing number or smaller forestry sector operations are either facing impending closure or have already been shut down indefinitely due to difficult market conditions. The reduced economic activity will continue to fuel the migration of young people to Western Canada, which will have a growing impact of the province's housing market.

Nova Scotia

Overview

The Struggle Continues for the Economy

Nova Scotia faces many challenges as industries and companies together struggle to remain competitive. Higher energy prices, a stronger Canadian dollar and slowing growth south of the border will continue to impact future economic growth. More investment in machinery and equipment, especially in the manufacturing and resource sectors, is needed for companies to remain competitive.

Growth in non-residential investment activity and continued strength in the service sector will be the main drivers of growth. The outlook is now supported by the recent announcement regarding Deep Panuke which should add to growth by 2009. Other projects remain uncertain, including a petrochemical and LNG plant, as well as plans for a deep-water container terminal. Together, these projects should add significant upside to the expected level of growth in 2009.

Halifax will continue to support growth as a result of a number of projects in the Halifax area, including the addition of new financial and service related centres.

Overall, growth will be constrained by slowing employment and population growth, as well as a more general slowdown in the housing sector. Growth will begin to improve towards the end of 2009 as energy related investments start to bear fruit. Economic growth will reach 2.1 per cent in 2008 and 1.9 per cent in 2009.

In Detail

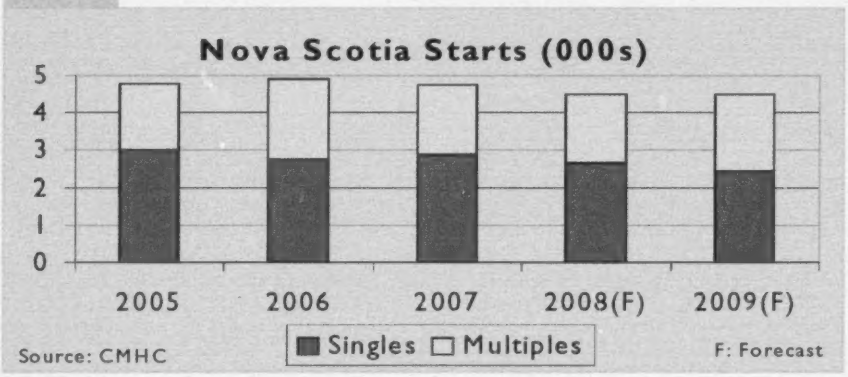
Single Starts: Single-detached housing starts are forecast to decline to 2,650 units in 2008 and to 2,450 in 2009. Rising development and labour costs, along with the expectation of rising materials and shipping costs, will continue to put upward pressure on new home prices. New construction will continue to experience competition from the existing home market.

Multiple Starts: Multiple unit starts will remain flat in 2008, reaching approximately 1,850 units. In 2009, multiple starts will rise to 2,050 units. Sustained demand for multiples across the province will continue due to demographic trends towards smaller households. Interest in semi-detached and row housing also will remain elevated for the foreseeable future.

Resales: Existing home sales will continue to be a viable alternative to new construction. The lure of established neighborhoods, along with extensively renovated homes on the market, will remain attractive to homebuyers. Demand for existing homes resulted in record sales levels in 2007, but this will cool slightly in 2008 and 2009 resulting in 11,100 and 10,900 MLS® sales respectively.

Prices: The recent rapid rate of MLS® sales price growth will decelerate in 2008 and 2009. Sales prices are still expected to rise faster than inflation this year at close to 5.0 per cent, with another 2.6 per cent in 2009.

Figure 8



Provincial Highlight

Strong employment and rising wages in Nova Scotia are beginning to draw people to the province as net migration levels are showing signs of improvement. Nova Scotia recorded a net gain of over 1,900 between April and December of 2007. By comparison, in the ten quarters prior to this period, the province experienced a net loss of almost 4,700 people. In the Halifax area, employment levels are at record highs while the unemployment rate is at an all-time low. Average weekly earnings are also at record highs as of February 2008. Average weekly earnings in Nova Scotia have risen more than three per cent compared to a year ago.

Prince Edward Island

Overview

Economic Growth Slows

Prince Edward Island will see a slowdown in its economy for 2008-2009. However, gains in employment from the service sector, particularly in the area of information technology, will help offset the overall level of weakness expected.

Challenges to growth, which include the impact of the higher Canadian dollar, an overall rise in energy prices and a slowdown in the United States, remain intact. These factors will continue to dampen prospects for growth in key sectors, including agriculture, manufacturing and tourism. Investment in machinery and equipment as improvements to productivity are required if the Island expects to remain competitive in a global economy.

The tourism sector will be impacted by the higher Canadian dollar and by the normal decline in the desire of Americans to travel outside their own country. Market conditions for potatoes will continue to be challenging due to the higher costs for fertilizer and other farm inputs in addition to increased global competition.

The rate of employment growth in 2008 and 2009 is expected to slow to 0.6 per cent per year, but the province should continue to see some benefit from the expansion in both finance and business services.

Overall, economic growth will remain below the 2.0 per cent level for both 2008 and 2009.

In Detail

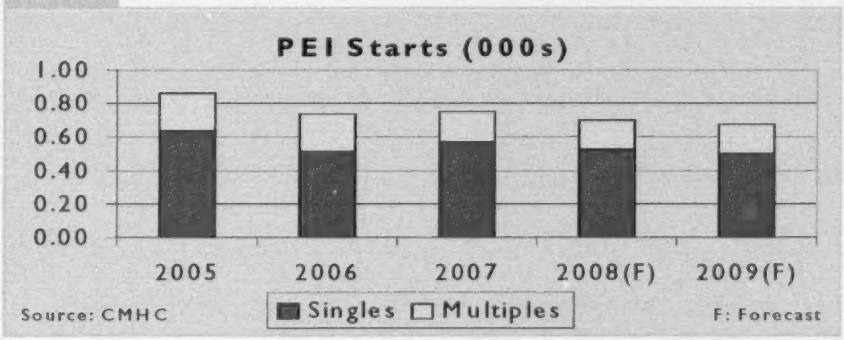
Single Starts: The construction of single detached units is expected to slow marginally over the next two years as the combined effects of escalating prices and a slowing economy are felt. However, this decline will be partially offset by demand resulting from positive net-migration. The current forecast calls for 525 units in 2008, before slowing further to 500 units in 2009.

Multiple Starts: Multiple starts are expected to do better than singles over the forecast period. Traditionally, multiple starts in P.E.I. were built exclusively for the rental market. But with changing demographics and rising new home prices, semi-detached and condominium units are becoming more prevalent. As such the forecast for the next two years anticipates 175 units per year, which is similar to the level of activity posted in 2007.

Resales: In 2007 P.E.I. posted a new record level for MLS® sales with 1,769 units sold, which was a 19 per cent increase over 2006. As was the case with new home construction, continued in-immigration will bolster MLS® sales, as will the widening gap price between new and existing properties. However, recent price appreciation will limit the number of first-time buyers. As such, it is expected that MLS® sales will slow to 1,600 units in 2008 and 1,550 units in 2009.

Prices: Despite the decline in unit sales, the average price is expected to rise over the next two years because of strong demand for urban and waterfront properties. The average MLS® sales price is expected to increase by 3.0 and 3.3 per cent in 2008 and 2009 respectively.

Figure 9



Provincial Highlight

During the last ten years the PEI government has made a push to adopt wind power as a key component of its alternative energy strategy. As such wind farms were established on both the eastern and western tips of the Island. One of the measures of this strategy was to have 15 per cent of the province's electricity generated by wind power by 2010 — a target that was met three years early. This drive is continuing as the government recently revealed its intention to bring up to 500 megawatts of wind generation power on stream within the next five years. This would be enough power to meet the electrical needs of approximately 150,000 homes for a year.

Newfoundland and Labrador

Overview

Exports support Economic growth

Oil and mineral exports, combined with the addition of new investment activity from the Hebron project, will help to sustain economic growth for the province.

The Terra Nova and Hibernia projects are expected to peak in terms of production over the 2008-2009 period. Higher energy prices should offset some of the negative impact of production declines. Additionally, higher commodity prices should continue to increase the overall level of mineral exploration activity from the interior region of Newfoundland as well as Labrador. Finally, the fishery will continue to be challenged by weak markets, a strong Canadian dollar and high fuel costs.

With a decline in oil production, GDP growth is forecast to slow over the 2008-2009 period to 1.5 per cent in 2008 and 2.0 per cent in 2009. At the same time, employment will climb due to the addition of new energy investment activity. This will result in employment growth of 3.0 per cent in 2008 and 2.0 per cent in 2009.

On-going population losses should begin to slow, as Newfoundlanders return from Alberta in support of the new mega-project construction activity. Solid economic and demographic fundamentals will contribute to strength in housing starts throughout the province during 2008 and 2009.

In Detail

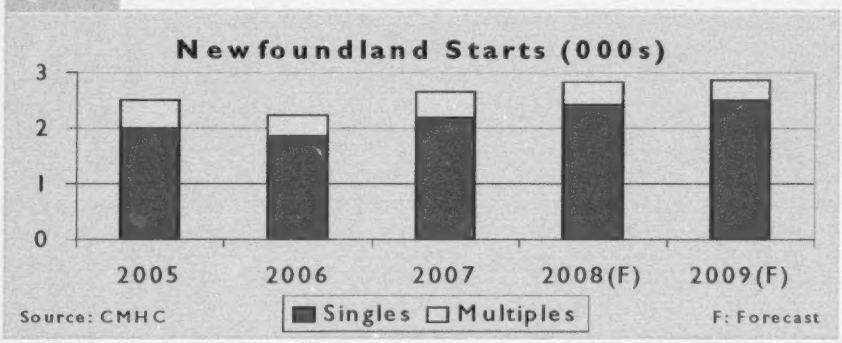
Single Starts: Personal income growth, improving net-migration numbers and healthy labour markets will continue to bolster the single-detached housing market; with 2,425 starts expected this year and 2,500 forecast for 2009.

Multiple Starts: Multiple unit construction will retreat, with 400 units in 2008 and 375 units anticipated for 2009. With higher construction costs, starts of single-detached homes with basement apartments are expected to slow, with buyers opting for less expensive single unit homes. Smaller households, and the strong economy in St. John's, have enticed more developers to get involved in the condo market in recent years. As a result, condo starts are forecast to increase in 2008 and 2009. With a peak in supply and higher disposable incomes, demand for new semi-detached units is expected to remain fairly low as buyers opt for single-detached dwellings.

Resales: Recent oil exploration announcements helped to bolster the MLS® market and record sales resulted in active listings being cut in half. Demand will remain high through to the end of 2008 and into 2009, but the lack of inventory will restrain unit sales growth. Accordingly, the forecast has been reduced to 4,250 provincial MLS® sales this year, with a slight decrease to 4,200 in 2009.

Prices: High demand for housing, paired with a low supply of inventory, will exert upward pressure on the average MLS® house price. The outlook for 2008 and 2009 is positive with the average MLS® price forecast to increase 10.5 per cent to $165,000 and 6.1 per cent to $175,000, respectively.

Figure 10



Provincial Highlight

Last year was another record year for MLS® sales activity within the St. John's CMA, with unit sales eclipsing the 4,000 mark. The expectation is for this trend to continue. However, during the first quarter of 2008, unit sales were restrained by a lower level of active listings, forcing MLS® prices to grow in excess of 13 per cent on an annual basis. In fact, the St. John's CMA was one of only a few major centres in Canada where double-digit price growth occurred. Demand for housing continues to be driven by positive net-migration, increased economic activity and high consumer confidence. It is expected that the region's positive economic situation will continue to support solid price growth over the forecast period.

Figure 11

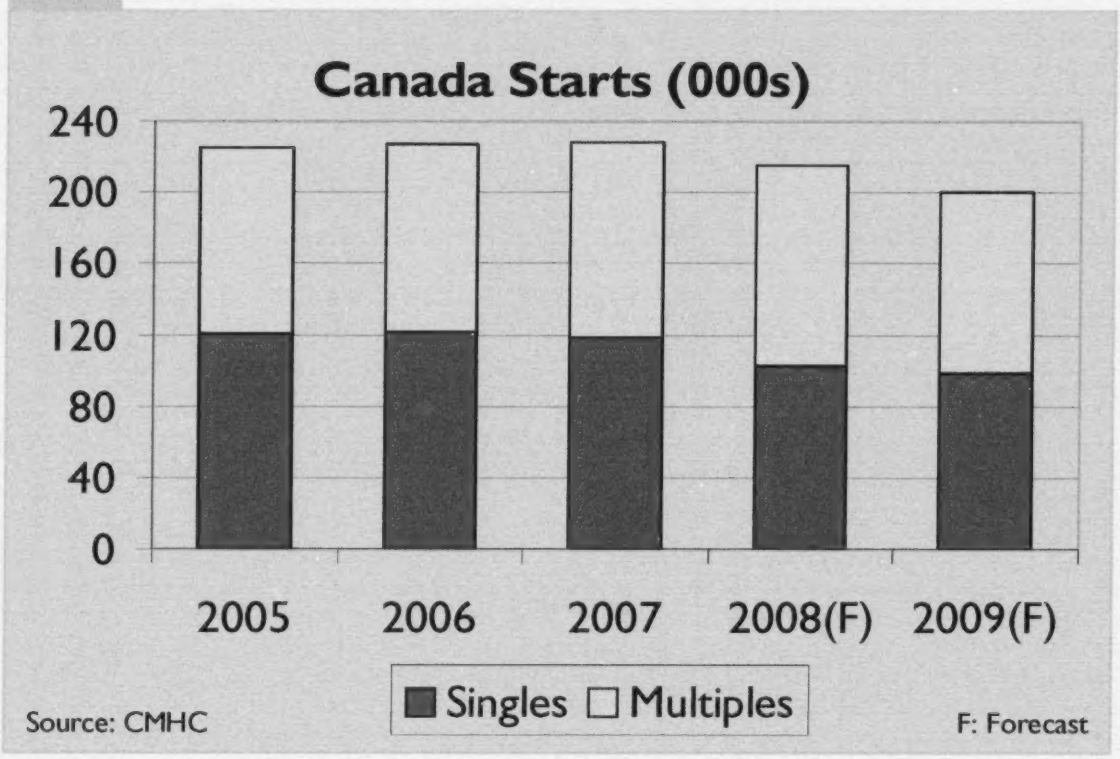

Canada Starts (000s)
240
200
160
120
80
40
0
2005
2006
2007
2008(F)
2009(F)
Singles
Multiples
Source: CMHC
F: Forecast

Table 1: Total Housing Starts
(units and annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	**2,692**	**2,870**	**2,498**	**2,234**	**2,649**	**2,825**	**2,875**
%	11.3	6.6	-13.0	-10.6	18.6	6.6	1.8
PEI	**814**	**919**	**862**	**738**	**750**	**700**	**675**
%	5.0	12.9	-6.2	-14.4	1.6	-6.7	-3.6
NS	**5,096**	**4,717**	**4,775**	**4,896**	**4,750**	**4,500**	**4,500**
%	2.5	-7.4	1.2	2.5	-3.0	-5.3	0.0
NB	**4,489**	**3,947**	**3,959**	**4,085**	**4,242**	**3,925**	**3,650**
%	16.2	-12.1	0.3	3.2	3.8	-7.5	-7.0
QUE	**50,289**	**58,448**	**50,910**	**47,877**	**48,553**	**46,500**	**45,750**
%	18.5	16.2	-12.9	-6.0	1.4	-4.2	-1.6
ONT	**85,180**	**85,114**	**78,795**	**73,417**	**68,123**	**72,175**	**65,000**
%	1.9	-0.1	-7.4	-6.8	-7.2	5.9	-9.9
MAN	**4,206**	**4,440**	**4,731**	**5,028**	**5,738**	**5,450**	**5,650**
%	16.3	5.6	6.6	6.3	14.1	-5.0	3.7
SASK	**3,315**	**3,781**	**3,437**	**3,715**	**6,007**	**6,600**	**5,900**
%	11.9	14.1	-9.1	8.1	61.7	9.9	-10.6
ALTA	**36,171**	**36,270**	**40,847**	**48,962**	**48,336**	**37,250**	**33,000**
%	-6.7	0.3	12.6	19.9	-1.3	-22.9	-11.4
BC	**26,174**	**32,925**	**34,667**	**36,443**	**39,195**	**34,700**	**32,900**
%	21.0	25.8	5.3	5.1	7.6	-11.5	-5.2
CAN*	**218,426**	**233,431**	**225,481**	**227,395**	**228,343**	**214,640**	**199,900**
%	6.5	6.9	-3.4	0.8	0.4	-6.0	-6.9

SOURCE: CMHC.
(F) Forecast.
* Totals may not add due to rounding.

Table 2: Single-Detached Starts
(units and annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	**2,240**	**2,229**	**2,005**	**1,864**	**2,184**	**2,425**	**2,500**
%	7.1	-0.5	-10.0	-7.0	17.2	11.0	3.1
PEI	**613**	**682**	**634**	**512**	**573**	**525**	**500**
%	5.3	11.3	-7.0	-19.2	11.9	-8.4	-4.8
NS	**2,968**	**3,270**	**3,010**	**2,757**	**2,887**	**2,650**	**2,450**
%	-11.7	10.2	-8.0	-8.4	4.7	-8.2	-7.5
NB	**3,139**	**2,970**	**2,665**	**2,445**	**2,733**	**2,510**	**2,400**
%	13.4	-5.4	-10.3	-8.3	11.8	-8.2	-4.4
QUE	**27,225**	**28,871**	**23,930**	**21,917**	**22,177**	**19,500**	**19,750**
%	7.8	6.0	-17.1	-8.4	1.2	-12.1	1.3
ONT	**47,610**	**48,929**	**41,682**	**38,309**	**37,910**	**34,825**	**31,000**
%	-6.9	2.8	-14.8	-8.1	-1.0	-8.1	-11.0
MAN	**3,165**	**3,484**	**3,709**	**3,552**	**3,857**	**3,900**	**4,050**
%	4.9	10.1	6.5	-4.2	8.6	1.1	3.8
SASK	**2,097**	**2,193**	**2,425**	**2,689**	**4,017**	**4,600**	**4,100**
%	8.6	4.6	10.6	10.9	49.4	14.5	-10.9
ALTA	**21,918**	**22,487**	**26,684**	**31,835**	**28,105**	**19,250**	**20,000**
%	-10.6	2.6	18.7	19.3	-11.7	-31.5	3.9
BC	**12,252**	**14,056**	**13,719**	**15,433**	**14,474**	**12,500**	**12,300**
%	14.2	14.7	-2.4	12.5	-6.2	-13.6	-1.6
CAN*	**123,227**	**129,171**	**120,463**	**121,313**	**118,917**	**102,700**	**99,050**
%	-1.7	4.8	-6.7	0.7	-2.0	-13.6	-3.6

SOURCE: CMHC.
(F) Forecast.
* Totals may not add due to rounding.

Table 3: Multiple Starts
(units and annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	**452**	**641**	**493**	**370**	**465**	**400**	**375**
%	38.2	41.8	-23.1	-24.9	25.7	-14.0	-6.3
PEI	**201**	**237**	**228**	**226**	**177**	**175**	**175**
%	4.1	17.9	-3.8	-0.9	-21.7	-1.1	0.0
NS	**2,128**	**1,447**	**1,765**	**2,139**	**1,863**	**1,850**	**2,050**
%	32.4	-32.0	22.0	21.2	-12.9	-0.7	10.8
NB	**1,350**	**977**	**1,294**	**1,640**	**1,509**	**1,415**	**1,250**
%	23.5	-27.6	32.4	26.7	-8.0	-6.2	-11.7
QUE	**23,064**	**29,577**	**26,980**	**25,960**	**26,376**	**27,000**	**26,000**
%	34.1	28.2	-8.8	-3.8	1.6	2.4	-3.7
ONT	**37,570**	**36,185**	**37,113**	**35,108**	**30,213**	**37,350**	**34,000**
%	15.7	-3.7	2.6	-5.4	-13.9	23.6	-9.0
MAN	**1,041**	**956**	**1,022**	**1,476**	**1,881**	**1,550**	**1,600**
%	73.2	-8.2	6.9	44.4	27.4	-17.6	3.2
SASK	**1,218**	**1,588**	**1,012**	**1,026**	**1,990**	**2,000**	**1,800**
%	18.0	30.4	-36.3	1.4	94.0	0.5	-10.0
ALTA	**14,253**	**13,783**	**14,163**	**17,127**	**20,231**	**18,000**	**13,000**
%	0.1	-3.3	2.8	20.9	18.1	-11.0	-27.8
BC	**13,922**	**18,869**	**20,948**	**21,010**	**24,721**	**22,200**	**20,600**
%	27.8	35.5	11.0	0.3	17.7	-10.2	-7.2
CAN*	**95,199**	**104,260**	**105,018**	**106,082**	**109,426**	**111,940**	**100,850**
%	19.5	9.5	0.7	1.0	3.2	2.3	-9.9

SOURCE: CMHC.
(F) Forecast.
* Totals may not add due to rounding.

Table 4: Housing Starts by Type (Units)

		2003	2004	2005	2006	2007	2008(F)	2009(F)
NF	Semi-Detached	66	264	151	122	133	125	150
	Row	107	51	31	39	72	50	25
	Apartment	279	326	311	209	260	225	200
	Total	452	641	493	370	465	400	375
PEI	Semi-Detached	72	76	111	62	100	100	100
	Row	40	80	75	13	23	25	25
	Apartment	89	81	42	151	54	50	50
	Total	201	237	228	226	177	175	175
NS	Semi-Detached	338	266	301	353	333	350	350
	Row	277	186	265	255	221	250	250
	Apartment	1,513	995	1,199	1,531	1,309	1,250	1,450
	Total	2,128	1,447	1,765	2,139	1,863	1,850	2,050
NB	Semi-Detached	254	293	391	482	530	575	490
	Row	143	256	203	275	195	165	145
	Apartment	953	428	700	883	784	675	615
	Total	1,350	977	1,294	1,640	1,509	1,415	1,250
QC	Semi-Detached	2,432	2,932	2,678	2,599	2,750	2,450	2,450
	Row	773	1,109	1,074	1,343	1,934	2,050	2,050
	Apartment	19,859	25,536	23,228	22,018	21,692	22,500	21,500
	Total	23,064	29,577	26,980	25,960	26,376	27,000	26,000
ON	Semi-Detached	6,379	5,172	4,673	4,393	4,284	3,000	2,600
	Row	12,191	12,824	12,537	11,046	11,255	10,000	9,500
	Apartment	19,000	18,189	19,903	19,669	14,674	24,350	21,900
	Total	37,570	36,185	37,113	35,108	30,213	37,350	34,000
MAN	Semi-Detached	88	132	133	178	175	165	175
	Row	62	92	161	158	198	160	175
	Apartment	891	732	728	1,140	1,508	1,225	1,250
	Total	1,041	956	1,022	1,476	1,881	1,550	1,600
SK	Semi-Detached	95	184	236	123	317	300	250
	Row	594	681	378	423	831	825	725
	Apartment	529	723	398	480	842	875	825
	Total	1,218	1,588	1,012	1,026	1,990	2,000	1,800
ALB	Semi-Detached	2,567	2,916	3,012	3,807	3,699	3,250	2,750
	Row	2,859	2,401	2,951	2,935	4,377	3,500	3,250
	Apartment	8,827	8,466	8,200	10,385	12,155	11,250	7,000
	Total	14,253	13,783	14,163	17,127	20,231	18,000	13,000
B.C.	Semi-Detached	1,353	2,062	1,791	2,239	2,111	1,700	1,425
	Row	3,297	4,387	4,459	4,476	4,175	3,850	3,500
	Apartment	9,272	12,420	14,698	14,295	18,435	16,650	15,675
	Total	13,922	18,869	20,948	21,010	24,721	22,200	20,600
CAN*	Semi-Detached	13,644	14,297	13,477	14,358	14,432	12,015	10,740
	Row	20,343	22,067	22,134	20,963	23,281	20,875	19,645
	Apartment	61,212	67,896	69,407	70,761	71,713	79,050	70,465
	Total	95,199	104,260	105,018	106,082	109,426	111,950	100,850

Source: CMHC (F) Forecast. * Totals may not add due to rounding.

Table 5: Total Residential Resales
(units and annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	**3,238**	**3,265**	**3,211**	**3,537**	**4,471**	**4,250**	**4,200**
%	7.4	0.8	-1.7	10.2	26.4	-4.9	-1.2
PEI	**1,404**	**1,500**	**1,449**	**1,492**	**1,769**	**1,600**	**1,550**
%	7.5	6.8	-3.4	3.0	18.6	-9.6	-3.1
NS	**9,221**	**8,887**	**10,948**	**10,697**	**11,857**	**11,100**	**10,900**
%	-10.0	-3.6	23.2	-2.3	10.8	-6.4	-1.8
NB	**5,489**	**5,979**	**6,836**	**7,125**	**8,161**	**7,600**	**7,450**
%	7.9	8.9	14.3	4.2	14.5	-6.9	-2.0
QUE	**67,130**	**69,296**	**70,649**	**72,520**	**80,338**	**76,000**	**79,250**
%	-1.5	3.2	2.0	2.6	10.8	-5.4	4.3
ONT	**184,457**	**197,353**	**197,140**	**194,930**	**213,379**	**193,375**	**181,250**
%	3.6	7.0	-0.1	-1.1	9.5	-9.4	-6.3
MAN	**11,523**	**12,098**	**12,761**	**13,018**	**13,928**	**13,600**	**13,900**
%	3.7	5.0	5.5	2.0	7.0	-2.4	2.2
SASK	**7,698**	**8,172**	**8,312**	**9,140**	**12,054**	**13,400**	**12,750**
%	-3.0	6.2	1.7	10.0	31.9	11.2	-4.9
ALTA	**51,334**	**57,460**	**65,866**	**74,350**	**71,430**	**61,250**	**62,750**
%	0.6	11.9	14.6	12.9	-3.9	-14.3	2.4
BC	**93,095**	**96,385**	**106,310**	**96,671**	**102,805**	**93,750**	**91,000**
%	12.5	3.5	10.3	-9.1	6.3	-8.8	-2.9
CAN*	**434,589**	**460,395**	**483,482**	**483,480**	**520,192**	**475,900**	**465,000**
%	3.8	5.9	5.0	0.0	7.6	-8.5	-2.3

SOURCE: The Canadian Real Estate Association.
(F) Forecast by CMHC.
* Totals may not add due to rounding.

Table 6: Average Residential Resale Price ($)
(units and annual percentage change)

	2003	2004	2005	2006	2007 (E)	2008(F)	2009(F)
NFLD	119,822	131,499	141,167	139,542	149,258	165,000	175,000
%	6.0	9.7	7.4	-1.2	7.0	10.5	6.1
PEI	101,745	110,815	117,238	125,430	133,457	137,500	142,000
%	7.1	8.9	5.8	7.0	6.4	3.0	3.3
NS	136,292	146,033	159,221	168,614	180,989	190,000	195,000
%	7.6	7.1	9.0	5.9	7.3	5.0	2.6
NB	105,858	112,933	120,641	126,864	136,603	142,000	146,000
%	5.7	6.7	6.8	5.2	7.7	4.0	2.8
QUE	151,881	171,099	184,583	194,024	208,240	218,000	224,000
%	16.5	12.7	7.9	5.1	7.3	4.7	2.8
ONT	226,824	245,230	262,949	278,364	299,544	310,000	317,500
%	7.5	8.1	7.2	5.9	7.6	3.5	2.4
MAN	106,788	119,245	133,854	150,229	169,189	192,000	207,000
%	10.6	11.7	12.3	12.2	12.6	13.5	7.8
SASK	104,995	110,824	122,765	132,078	174,405	220,000	238,000
%	3.7	5.6	10.8	7.6	32.0	26.1	8.2
ALTA	182,845	194,769	218,266	285,383	356,235	369,000	388,000
%	7.4	6.5	12.1	30.7	24.8	3.6	5.1
BC	259,968	289,107	332,224	390,963	439,119	479,500	498,500
%	8.8	11.2	14.9	17.7	12.3	9.2	4.0
CAN**	207,162	226,387	249,219	276,943	307,306	323,000	333,500
%	9.7	9.3	10.1	11.1	11.0	5.1	3.3

SOURCE: The Canadian Real Estate Association.
(E) Estimate, (F) Forecast
** Excludes Yukon and Northwest Territories and Nunavut.

Table 7: Employment (annual percentage change)							
	2003	**2004**	**2005**	**2006**	**2007**	**2008(F)**	**2009(F)**
NFLD	2.5	0.9	-0.1	0.7	0.6	3.0	2.0
PEI	2.2	1.2	1.9	0.6	1.0	2.2	0.6
NS	2.0	2.6	0.2	-0.3	1.3	0.5	1.0
NB	0.0	2.0	0.1	1.4	2.1	1.0	1.0
QUE	1.6	1.4	1.0	1.3	2.3	1.3	1.0
ONT	3.0	1.7	1.3	1.5	1.6	1.6	0.9
MAN	0.5	1.1	0.6	1.2	1.6	1.4	1.1
SASK	1.7	0.8	0.8	1.7	2.1	1.9	1.6
ALTA	2.7	2.4	1.5	4.8	4.7	2.5	1.5
BC	2.5	2.4	3.3	3.1	3.2	2.6	2.0
CAN	2.4	1.8	1.4	1.9	2.3	1.8	1.2

Sources: Statistics Canada, CMHC.
(F) Forecast.

Table 8: Unemployment Rate (percent)							
	2003	**2004**	**2005**	**2006**	**2007**	**2008(F)**	**2009(F)**
NFLD	16.5	15.7	15.2	14.8	13.6	12.7	11.9
PEI	11.0	11.3	10.8	11.0	10.3	10.4	10.4
NS	9.1	8.8	8.4	7.9	8.0	7.8	7.7
NB	10.3	9.8	9.7	8.8	7.5	8.5	8.6
QUE	9.1	8.5	8.3	8.0	7.2	7.1	7.0
ONT	6.9	6.8	6.6	6.3	6.4	6.3	6.2
MAN	5.0	5.3	4.8	4.3	4.4	4.1	4.2
SASK	5.6	5.3	5.1	4.7	4.2	4.1	4.2
ALTA	5.1	4.6	3.9	3.4	3.5	3.5	3.5
BC	8.0	7.2	5.9	4.8	4.2	4.2	4.4
CAN	7.6	7.2	6.8	6.3	6.0	5.9	5.9

Sources: Statistics Canada, CMHC.
(F) Forecast.

Table 9: Gross Domestic Product
(annual percentage change)

	2003	2004	2005	2006	2007	2008(F)	2009(F)
NFLD	5.8	-1.7	0.2	3.3	9.1	1.5	2.0
PEI	2.1	3.0	1.3	2.6	2.0	1.6	1.5
NS	1.4	1.4	1.8	0.9	1.6	2.1	1.9
NB	2.8	1.4	0.5	3.0	1.6	1.9	1.8
QUE	1.2	2.6	2.0	1.7	2.4	1.5	2.1
ONT	1.4	2.5	2.9	2.1	2.2	0.5	1.5
MAN	1.4	2.6	2.7	3.2	3.0	2.9	2.8
SASK	4.6	3.8	3.5	-0.4	2.8	3.3	3.0
ALTA	3.2	5.2	5.3	6.6	4.3	3.1	2.9
BC	2.3	3.7	4.5	3.3	3.1	2.9	3.2
CAN	1.9	3.1	3.1	2.8	2.7	1.8	2.5

Sources: Statistics Canada, CMHC.
(F) Forecast.

Table 10: Total Net Migration * (number of persons)							
	2003	**2004**	**2005**	**2006**	**2007 (E)**	**2008(F)**	**2009(F)**
NFLD	-705	-2,438	-4,146	-3,539	-290	1,375	1,475
PEI	343	44	71	49	868	500	325
NS	1,548	-191	-2,259	-1,039	1,393	750	675
NB	-382	-83	-1,922	-2,276	2,592	2,075	1,400
QUE	34,529	34,443	27,506	24,580	28,380	29,500	31,500
ONT	111,197	101,730	98,768	68,759	78,217	85,500	91,900
MAN	3,438	3,739	-2,150	1,398	9,179	9,000	8,700
SASK	-3,280	-4,529	-7,945	-1,037	13,583	11,250	8,650
ALTA	24,171	33,426	63,239	81,480	43,242	36,600	38,000
BC	35,850	39,721	48,444	48,276	52,999	56,350	57,100
CAN**	206,709	205,862	219,606	216,651	230,163	232,900	239,725

Sources: Statistics Canada, CMHC, (E) Estimate, (F) Forecast.
* Sum of interprovincial migration, international migration and non-permanent residents.
** Excludes Yukon, Northwest Territories and Nunavut.

Table 11a: Local Market Indicators

Census Metropolitan Area		Total Housing Starts	Single-Detached	NHPI Annual % Change	MLS® Sales	MLS® Avg. Price	Rental Vac. Rate (3+ Units)	Avg. Rent Two Bedroom (3 Units)
Victoria	2007	2,579	795	0.5	8,403	466,974	0.5	907
	2008(F)	2,275	850	1.0	7,700	500,000	0.6	950
	2009(F)	1,845	820	0.7	7,300	520,000	0.8	995
Vancouver	2007	20,736	4,211	7.1	38,978	570,795	0.7	1,084
	2008(F)	19,000	4,000	6.5	36,000	615,000	0.8	1,120
	2009(F)	18,500	3,600	5.8	35,000	645,000	1.0	1,160
Abbotsford	2007	1,088	527	n.a.	3,843	338,976	2.1	752
	2008(F)	1,100	550	n.a.	3,650	365,000	2.3	780
	2009(F)	1,000	500	n.a.	3,500	380,000	2.5	805
Kelowna	2007	2,805	1,130	n.a.	5,584	410,175	0.0	846
	2008(F)	2,750	1,000	n.a.	4,730	443,000	0.3	890
	2009(F)	2,400	950	n.a.	4,900	465,000	0.6	920
Edmonton	2007	14,888	7,682	32.1	20,427	338,636	1.5	958
	2008(F)	9,500	4,500	5.0	18,500	350,000	3.0	1,025
	2009(F)	10,200	5,200	7.0	19,000	370,000	3.5	1,090
Calgary	2007	13,505	7,777	16.2	32,176	414,066	1.5	1,089
	2008(F)	12,500	5,500	2.5	26,000	429,000	2.5	1,140
	2009(F)	8,600	5,600	3.5	26,750	450,000	3.0	1,150
Saskatoon	2007	2,380	1,485	38.8	4,446	232,755	0.6	693
	2008(F)	2,550	1,650	25.0	5,000	275,000	1.0	780
	2009(F)	2,250	1,450	13.0	4,750	297,500	1.2	835
Regina	2007	1,398	864	22.2	3,957	165,613	1.7	661
	2008(F)	1,400	950	15.0	4,400	230,000	1.0	740
	2009(F)	1,300	900	10.0	4,200	250,000	1.2	805
Winnipeg	2007	3,371	1,870	12.2	12,319	174,500	1.5	740
	2008(F)	3,150	1,950	8.5	12,000	200,000	1.3	780
	2009(F)	3,275	2,025	6.5	12,250	216,000	1.5	810
Thunder Bay	2007	249	185	4.3	1,593	129,734	3.8	709
	2008(F)	220	170	4.5	1,601	132,328	3.3	717
	2009(F)	215	165	3.5	1,521	134,300	3.0	730
Sudbury	2007	587	514	4.3	2,751	182,502	0.6	749
	2008(F)	715	525	4.5	2,613	200,700	0.3	779
	2009(F)	640	500	3.5	2,483	212,700	0.2	810
Windsor	2007	614	417	-2.4	5,000	163,215	12.8	774
	2008(F)	368	280	-2.0	4,850	163,500	11.5	773
	2009(F)	360	270	0.5	4,800	162,500	8.8	780

Sources: CMHC, Canadian Real Estate Association, Local Real Estate Boards, Statistics Canada.

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

*MLS® numbers reflect all of Durham Region.

n.a.: data not available.

Table 11b: Local Market Indicators

Census Metropolitan Area		Total Housing Starts	Single-Detached	NHPI Annual % Change	MLS® Sales	MLS® Avg. Price	Rental Vac. Rate (3+ Units)	Avg. Rent Two Bedroom (3 Units)
London	2007	3,136	1,983	3.6	9,686	202,908	3.8	816
	2008(F)	3,002	1,700	4.2	9,250	213,000	3.8	833
	2009(F)	2,942	1,650	4.2	8,900	222,500	3.8	856
Kitchener	2007	2,740	1,159	1.5	7,031	252,429	2.7	829
	2008(F)	2,650	1,400	1.8	6,500	264,000	2.5	841
	2009(F)	2,750	1,500	2.0	6,100	274,000	2.4	854
St.Catharines-Niagara	2007	1,149	798	4.1	6,668	202,313	4.0	765
	2008(F)	1,075	695	3.5	6,300	211,000	4.0	779
	2009(F)	975	610	3.0	5,900	216,000	3.8	793
Hamilton	2007	3,004	1,761	4.5	13,866	268,857	3.5	824
	2008(F)	3,070	1,810	4.3	12,900	285,000	3.2	845
	2009(F)	2,910	1,770	4.2	12,100	296,000	3.0	870
Toronto	2007	33,293	14,769	2.5	95,164	377,029	3.2	1,061
	2008(F)	38,300	13,500	2.3	84,000	394,000	3.5	1,077
	2009(F)	32,800	10,500	2.0	77,000	404,000	3.0	1,093
Barrie	2007	980	746	n.a.	5,017	258,999	3.2	934
	2008(F)	970	740	n.a.	4,900	270,000	2.7	949
	2009(F)	920	700	n.a.	4,800	278,000	2.3	963
Peterborough	2007	540	324	n.a.	2,880	231,596	2.8	822
	2008(F)	430	280	n.a.	2,780	242,000	2.6	834
	2009(F)	400	250	n.a.	2,680	250,000	2.2	847
Brantford	2007	589	466	n.a.	2,305	209,151	2.3	712
	2008(F)	595	450	n.a.	2,200	218,200	2.9	749
	2009(F)	565	430	n.a.	2,100	225,000	2.8	760
Guelph	2007	941	575	n.a.	3,088	262,186	1.9	848
	2008(F)	960	560	n.a.	2,800	274,000	1.8	860
	2009(F)	890	540	n.a.	2,600	280,000	1.7	873
Oshawa*	2007	2,389	1,747	n.a.	10,223	269,971	3.7	877
	2008(F)	2,375	1,750	n.a.	9,500	279,000	3.5	891
	2009(F)	2,150	1,600	n.a.	9,100	284,000	3.4	905
Kingston	2007	880	600	n.a.	3,725	222,300	3.2	856
	2008(F)	735	510	n.a.	3,692	230,237	3.4	873
	2009(F)	698	485	n.a.	3,581	237,605	2.9	895

Sources: CMHC, Canadian Real Estate Association, Local Real Estate Boards, Statistics Canada.

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

*MLS® numbers reflect all of Durham Region.

n.a.: data not available.

Table 11c: Local Market Indicators

Census Metropolitan Area		Total Housing Starts	Single-Detached	NHPI Annual % Change	MLS® Sales	MLS® Avg. Price	Rental Vac. Rate (3+ Units)	Avg. Rent Two Bedroom (3 Units)
Ottawa	2007	6,506	2,973	1.6	14,739	273,058	2.3	961
	2008(F)	6,900	2,750	1.6	13,500	285,000	2.0	980
	2009(F)	6,400	2,500	1.7	13,250	295,000	1.7	1,000
Gatineau	2007	2,788	1,037	1.8	4,537	182,477	2.9	662
	2008(F)	2,800	1,000	1.5	4,400	191,500	3.2	675
	2009(F)	2,500	1,000	1.8	4,500	197,000	3.0	690
Montréal	2007	23,233	8,013	4.1	43,543	253,340	2.9	647
	2008(F)	22,600	7,300	3.5	41,800	266,000	3.1	660
	2009(F)	22,200	7,200	3.0	40,700	276,000	3.3	675
Trois-Rivières	2007	1,197	430	n.a.	863	128,000	1.5	487
	2008(F)	1,050	400	n.a.	870	138,500	1.8	497
	2009(F)	900	350	n.a.	825	148,000	2.2	505
Sherbrooke	2007	1,318	666	n.a.	1,888	185,155	2.0	529
	2008(F)	1,235	680	n.a.	1,850	189,700	2.1	545
	2009(F)	1,555	685	n.a.	1,800	193,600	2.2	555
Québec	2007	5,284	2,144	4.0	7,287	178,212	1.2	641
	2008(F)	5,000	1,900	3.5	7,000	191,000	1.2	654
	2009(F)	4,700	1,750	3.0	7,200	201,000	1.5	664
Saguenay	2007	685	373	n.a.	1,260	136,977	2.8	490
	2008(F)	1,155	370	n.a.	1,250	150,000	2.5	500
	2009(F)	610	370	n.a.	1,250	162,000	3.0	505
Saint John	2007	687	412	0.9	2,253	140,544	5.2	570
	2008(F)	675	375	2.5	2,050	145,000	4.8	590
	2009(F)	625	350	2.0	1,950	150,000	4.5	610
Moncton	2007	1,425	655	1.0	2,849	140,032	4.3	643
	2008(F)	1,340	620	2.5	2,650	147,000	4.8	660
	2009(F)	1,250	590	2.0	2,500	152,000	5.0	675
Halifax	2007	2,489	1,207	5.8	6,938	215,018	3.1	815
	2008(F)	2,450	1,175	5.5	6,500	225,000	3.5	840
	2009(F)	2,550	1,075	3.0	6,400	233,000	3.4	860
St. John's	2007	1,480	1,174	5.0	4,471	149,258	2.6	614
	2008(F)	1,725	1,400	7.5	4,250	165,000	2.5	650
	2009(F)	1,750	1,450	5.0	4,200	175,000	2.0	675
Charlottetown	2007	394	295	1.3	650	166,244	4.3	659
	2008(F)	375	275	2.0	625	170,000	4.0	670
	2009(F)	375	250	2.0	600	175,000	3.8	685
ALL LISTED	2007	158,277	69,653	7.7	377,118	n.a.	2.6	n.a.
CENTRES**	2008(F)	154,040	61,535	3.6	345,931	n.a.	2.8	n.a.
	2009(F)	141,225	57,665	3.6	334,310	n.a.	2.8	n.a.

Sources: CMHC, Canadian Real Estate Association, Local Real Estate Boards, Statistics Canada.

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*MLS® numbers reflect all of Durham Region. ** Does not include Barrie, Brantford, Charlottetown, Guelph, Moncton, Peterborough.

n.a.: data not available.

Table 12: Major Housing Indicators (levels and quarterly percent change)

	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1
New Housing								
Building permits, units, thousands	235.3	242.4	234.5	218.7	249.0	246.4	236.9	217.0
% change	6.7	3.0	-3.3	-6.7	13.9	-1.0	-3.9	-8.4
Housing starts, total, thousands	228.9	215.8	224.5	225.8	227.5	243.7	214.0	234.4
% change	-7.4	-5.7	4.0	0.6	0.8	7.1	-12.2	9.5
Housing starts, singles, thousands	121.4	120.0	117.0	117.3	118.1	121.2	117.3	99.2
% change	-7.6	-1.2	-2.5	0.3	0.7	2.6	-3.2	-15.4
Housing starts, multiples, thousands	107.5	95.8	107.5	108.5	109.4	122.5	96.7	135.2
% change	-7.2	-10.9	12.2	0.9	0.8	12.0	-21.1	39.8
Housing completions, total,	51,784	60,015	54,827	46,516	50,517	56,042	55,814	44,261
% change	5.0	15.9	-8.6	-15.2	8.6	10.9	-0.4	-20.7
New house price index, 1997=100	140.1	145.2	147.2	148.7	151.9	155.0	156.3	158.0
% change	3.4	3.7	1.4	1.0	2.2	2.1	0.8	1.1
Existing Housing								
MLS® resales, units, thousands	119,873	118,587	121,753	131,256	134,316	129,717	125,538	n.a.
% change	-3.2	-1.1	2.7	7.8	2.3	-3.4	-3.2	n.a.
MLS® average resale price, $C	276,893	278,246	284,161	295,617	303,520	310,985	319,571	n.a.
% change	3.2	0.5	2.1	4.0	2.7	2.5	2.8	n.a.
Mortgage Market								
1-year mortgage rate, per cent*	6.37	6.47	6.37	6.47	6.83	7.05	7.27	7.25
5-year mortgage rate, per cent*	6.82	6.83	6.60	6.60	7.01	7.22	7.46	7.29
Residential Investment**								
Total, $1997 millions	79,326	78,038	77,992	79,824	81,134	82,207	82,660	n.a.
% change	-1.3	-1.6	-0.1	2.3	1.6	1.3	0.6	n.a.
New, $1997 millions	38,409	37,145	36,223	36,395	36,833	37,741	38,243	n.a.
% change	-1.1	-3.3	-2.5	0.5	1.2	2.5	1.3	n.a.
Alterations, $1997 millions	29,372	29,764	30,496	31,196	31,428	31,784	32,172	n.a.
% change	0.4	1.3	2.5	2.3	0.7	1.1	1.2	n.a.
Transfer costs, $1997 millions	11,800	11,492	11,708	12,600	13,156	13,004	12,664	n.a.
% change	-4.7	-2.6	1.9	7.6	4.4	-1.2	-2.6	n.a.
Deflator, 1997=100	124.3	126.9	128.6	130.9	133.4	134.9	136.2	n.a.
% change	2.6	2.0	1.4	1.7	1.9	1.2	0.9	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

* All indicators are seasonally adjusted and annualized except the New house price index and the Residential Investment deflator which are only seasonally adjusted and Housing completions and the 1-year and 5-year mortgage rates which are not adjusted or annualized.

** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

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